
From: Nina Cuckow - TSS
Sent: 09 October 2006 11:56
To: Mark Bourke
Subject: RE: Risk management and the Delivery of Major Projects Conference

Good questions - I can give my view on some of them...

1. No, I don't believe that we do have clear and shared objectives on this project. This is where VM would have helped. Also the "stuff" of good leadership is equally important. I find construction and in particular civils is very cynical about but it actually works really well when done properly e.g. Morrison Construction, RBS, TNT, Yellow Pages etc. I have been undergoing culture shock to come back into mainstream construction - it is full of managers and not leaders!!! I would be looking just for the simple things like written and communicated mission statement, critical success factors, KPIs ("Tell me how you'll measure me and I'll tell you how I'll behave." (Neely)), tie senior management walking the floor type on the project etc.
2. Really one for Stewart McGarrity and Al Sim although I do know a wee bit about what I would be looking for.
3. I think Geoff Duke's budget for this is at the worst case end and also it has been considered in the Risk Register. GD is best for this one.
4. Not really one for me. Is there actually a procedure in place? My view as someone not directly connected to this area is that I find both tie and currently the project (although I know Jim Sneddon is working on this) is somewhat short of ISO 9000/14001/18001/business systems type procedures.
5. It is a myth that sustainability and in particular the environmental side of the triangle costs more - there shouldn't need to be incentivisation. Again, a way of thinking that I find civils particularly bad at compared to other industries. Need to get a contractor with the right mind set if this area is of importance to tie.
6. Good idea, these will hopefully yield some info. Perhaps a word of warning, I don't know the nature of the NAO study but I do tend to take anything that comes out of Audit Scotland with a pinch of salt!

As ever, I am the opinionated witch of hallowe'en! Broomsticks at the ready.
Cheers
Nina

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From: Mark Bourke
Sent: Mon 09/10/2006 10:46
To: Nina Cuckow - TSS
Subject: Risk management and the Delivery of Major Projects Conference

Nina

Following the last week's two days at the Risk management and the Delivery of Major Projects Conference, I thought that I should summarise some of the key recurring features and questions for us to consider.

- James Robertson, NAO emphasised the need to approach all projects with complete honesty and referenced the BCR of CTRL anticipated at 1.4 and actually running at 0.45. Drivers for projects should be understood and not to be wedded to a positive BCR, with the case for 'prestige' schemes with political support proceeding despite BCR. There was inadequate 'cushion' to the capital costs. The strategic impact of low cost airlines was not anticipated and significant bias in overestimation of revenues.
- Mike Nichols, Nichols highlighted that increased knowledge of strategic risks are fundamental and are poorly addressed in contracts and relationships with a need for clear understanding of the drivers and objectives of schemes
- Stephen Reynolds, Parsons noted the need for focus on project culture with respect to risk management to make it happen.
- Richard Middleton, SDG noted that key developments were concentrating on extensions and improving airport connectivity, poor capture of downstream funding (hard to measure) from regeneration. The outcome of the current NAO study into 'halted' Tram schemes should be reviewed. Claw back of invested monies to halted schemes is of great concern.
- Robert Owen, BDB noted the increased complexity of planning and TWA procedures in England with emphasis on the need for adequate allowances for compensation to those suffering injurious affection.
- Jonathan Bracken, BDB highlighted the need for clients to take ownership of procurement strategy and forms of contract to avoid legal emphasis in creating overly protective (and expensive contract forms). The OGC positive view of T5 model of procurement was discussed. The need for a workable dispute resolution procedure was emphasised.
- Karen Raymond, ERM noted that need for a strong 'environmental voice' with in the technical team and the threats posed from tests against the Habitats Directive. The effect of FoI requests with advisors becoming liable (due to their arrangements with public sector clients) was noted. The weak follow through following achieving planning was noted and lack of incentive on Contractors was discussed.
- Adam Mactavish, Cyril Sweett outlined BREEAM ratings and the potential effect on capital costs but payback for excellent rating within 8-9 years following recent study on buildings. The need for clear defined measures for environmental mitigation was noted.
- Roger Madelin, Argent noted phased introduction with a team repeating work was key to King's Cross Redevelopment. Controls preventing assigned leasing have been included
- John Steel QC, noted largely the economic conditions do not stack up for 2nd runway developments at present with need to distribute problem
- Adrian Lyons CBE, noted that regulation/standards don't manage risk with the need for gross error checking. Success such as DLR due to £100 to £200m expansion with repeat success is very attractive phased solution. Public sector should not seek to transfer government risk. The outcome of the Eddington Study for DfT/HMT should be reviewed with care.

I think we should be asking the following key questions of all our projects and ask that the risks of them are included in the updated Risk Register.

1. Have we got clear shared understanding of the objectives for each of our projects with our key stakeholders?
2. Have we adequately assessed the potential funding as a result of regeneration?
3. Have we made adequate allowances for compensation post commencement of operations?
4. Is our dispute resolution procedure on major contract understood, practical and workable?
5. Are our contracts adequately incentivising contractor to minimise environmental impacts?
6. Have we got the radar up for the results of emerging NAO and Eddington studies?

Mark

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